maintel®

interim results for the six months to 30 June 2013

Maintel Holdings Plc

2013

Contents

Highlights

- Group revenue up 1% to £13.6m (H1 2012 - £13.5m), all organic
- Adjusted profit before tax[1] up 0.2% at £2.36m (H1 2012 - £2.35m); unadjusted profit before tax was £2.00m compared with £0.19m in H1 2012, the latter stated after the expensing of acquisition consideration of £1.79m
- Adjusted earnings per share[2] up 2% at 16.9p (H1 2012 - 16.6p); unadjusted earnings per share were 14.4p, compared with a loss of 2.8p per share in H1 2012, the latter after expensing the acquisition consideration
- Period end cash of £0.7m and no debt following payment of the final tranche of the mobile acquisition and increased dividend payments
- Interim dividend proposed of 6.7p per share (H1 2012 - 6.3p), an increase of 6% year on year
- Strong equipment and professional services performance in H1, with a healthy order backlog moving into H2
- Further progress and improvement on cross-selling services into the wider customer base
- Acquisition of Datapoint UK and Ireland companies in September 2013, funded by a term loan and overdraft facility

[1] adjusted profit before tax is basic profit before tax of £2.00m (H1 2012 - £0.19m), adjusted for intangibles amortisation and, in 2012, a £1.79m non-trading adjustment relating to the Maintel Mobile acquisition

[2] adjusted earnings per share is basic earnings/(loss) per share of 14.4p (H1 2012 – (2.8)p), adjusted for intangibles amortisation and the non-trading Maintel Mobile adjustment

Chairman's statement

I am pleased to report a robust performance by the Group in the first half of 2013, with revenues growing by 1% to £13.56m (H1 2012 - £13.49m) and adjusted profit before tax up 0.2% to £2.36m (H1 2012 - £2.35m). This translates to adjusted earnings per share of 16.9p (H1 2012 - 16.6p), an increase of 2%.

Both the maintenance and equipment and the network services divisions reported organic revenue growth during the period and produced a solid first half performance. Whilst our mobile revenues saw a headline decline, this was due to a temporary cap on network renewal commissions in Q1 and the division's performance improved markedly in Q2.

The maintenance base contracted slightly in the period as expected, but that division's overall performance was boosted by strong growth in equipment and professional services revenues. The division's margins in the first half were impacted by a large installation project, but with a strong order book and further cost savings margins are expected to recover in the second half.

The network services division had a solid first six months of the year in the face of well-publicised market pressures, with revenues up 7% and gross profit up 12% on the corresponding period.

We continue to make strong progress in cross-selling our services, where the positive impact of the Maintel Mobile acquisition in 2011 is evident in contributing to an increasing number of customers taking multiple products from across the Group.

Cash balances at mid-year were £711,000 compared with £1.941m at the year end. The first half saw the payment of the final tranche of £900,000 in respect of the Maintel Mobile acquisition, and the payment of over £1.0m of creditor payments that had been deferred at 31 December.

Our balance sheet is strong and we continue actively to seek out acquisitions that will add clear shareholder and strategic value to the Group. To that end, on 13 September 2013, we were pleased to announce the acquisition of Datapoint Customer Solutions Limited, Datapoint Global Services Limited and Datapoint Communications Limited, the UK and Irish trading operations of the Datapoint group of companies (the "Datapoint UKI Companies") (the "Acquisition"). We believe that the Acquisition will materially improve the breadth of our product offering whilst also providing clear momentum for the next phase of Maintel's growth. Further details of the Acquisition can be found in the announcement issued on 13 September and in note 5 to this report.

The second half has begun well and we are confident in our outlook for the remainder of the year. The maintenance base has remained steady in the first two months of the second half, and we have good visibility on higher margin revenues in equipment and professional services. With a solid outlook for network services also, we continue to expect to trade in line with the Board's expectations.

The Board proposes to pay an interim dividend of 6.7p per share (H1 2012 - 6.3p) on 11 October, representing annual growth of 6%.

J D S Booth
Chairman

13 September 2013

Business review

Results

This has been a steady six month period for the Group with a 1% organic increase in revenues to £13.6m which, despite the impact of a specific lower margin project, produced an increase in adjusted profit before tax (profit before tax adjusted for intangibles amortisation) to £2.359m versus £2.354m in the corresponding period last year. We expect margins to improve in the second half.

Unadjusted profit before tax amounted to £2.0m, H1 2012's comparative of £0.2m being stated after £1.8m of contingent consideration relating to the Maintel Mobile acquisition, as shown in the table below.

The resultant adjusted earnings per share was up 2%, at 16.9p, whilst the unadjusted earnings per share was 14.4p (H1 2012 – loss per share of 2.8p), the comparative figure being affected by the contingent consideration.

	H1 2013 £000	H1 2012 £000	H2 2012 £000	2012 £000	Increase on H1 2012
Revenue	13,565	13,490	14,681	28,171	0.6%
Profit before tax	2,000	195	1,210	1,405	
Add back customer relationship intangibles amortisation	359	370	361	731	
Contingent consideration re Maintel Mobile treated as remuneration	-	1,789	1,045	2,834	
Adjusted profit before tax	2,359	2,354	2,616	4,970	0.2%
Basic earnings per share	14.4p	(2.8p)	6.2p	3.4p	
Diluted	14.2p	(2.8p)	6.2p	3.4p	
Adjusted earnings per share*	16.9p	16.6p	18.5p	35.1p	1.8%
Diluted	16.7p	16.4p	18.3p	34.7p	1.8%

* Adjusted profit after tax divided by weighted average number of shares (note 3)

During the period, the Group's net cash balances reduced to £711,000, compared with £1.941m at 31 December 2012. The Group continues to be a strong cash generator but paid the final £900,000 tranche of consideration relating to the Totility (since renamed Maintel Mobile) acquisition in January 2013, £779,000 dividends and £607,000 corporation tax in the first half, and experienced the reversal of some favourable working capital positions post the year end. At the half year end, the Group had no debt but has since secured a £3.0m term loan, repayable over 3 years and a £1.0m overdraft facility, in conjunction with the acquisition of the Datapoint UKI Companies.

Maintenance and equipment division

Revenue analysis (£000)	Six months to 30 June 2013	Six months to 30 June 2012	Year ended 31 Dec 2012	Increase/ (decrease) on H1 12
Maintenance related	5,993	6,104	12,246	(2)%
Equipment, professional services and other	2,964	2,778	6,435	7%
Total maintenance and equipment	8,957	8,882	18,681	1%
Division gross profit;	3,254	3,403	7,017	(149)
margin %	(36%)	(38%)	(38%)	(4)%
Average headcount during the period				
Sales, marketing and customer service	54	53	53	2%
Engineers	87	92	90	(5)%

Revenues in the maintenance and equipment division increased by 1% to £8.957m, with a slight fall in maintenance revenues more than offset by an increase in equipment sales.

Maintenance

The effects of the higher rate of attrition noted in the 2012 annual report fed into lower maintenance run rates in 2013 as expected. However, boosted by new order wins, H1 2013 revenues were only 2% down against the corresponding period last year.

As anticipated, and following the termination of two large contracts last year, attrition rates have significantly improved in 2013, with the maintenance base at an annualised £12.1m at 30 June 2013 compared with £12.3m at last year end.

The continued adoption of new IP based technology into our customer base is changing the shape of our maintenance business and how we resource it. These changes result in a requirement for a) a higher mix of 3rd party and vendor software support contracts and network monitoring services, and b) fewer field engineers, resulting in a reduction in headcount in the first half of 2013 as this new technology is more reliable and readily maintained remotely. Further efficiencies in delivering the service have been identified, and headcount will be reduced by a further 6 engineers in H2.

Equipment, professional services and other

Equipment and professional services revenues increased by 7% compared with H1 2012, primarily due to the installation of a new system at one of our largest customers. This project attracted a lower than normal margin causing the reduction in the division's gross margin from 38% in 2012 to 36% in H1 2013. The majority of this project was completed in the first half. We have a strong new order backlog to be implemented in H2, with some notable professional services contract wins, particularly the implementation of a large Avaya data network, the upgrading of an IP telephony infrastructure for a major business services customer across multiple sites and a significant call centre upgrade for a major utility company. This outlook and visibility indicates that the division's margin will improve in the second half.

Network services

Revenue analysis (£000)	Six months to 30 June 2013	Six months to 30 June 2012	Year ended 31 Dec 2012	Increase/ (decrease) on H1 12
Call traffic	1,342	1,284	2,656	5%
Line rental	1,593	1,383	2,979	15%
Data Services	388	408	799	(5)%
Other	152	168	296	(10)%
Total network services	3,475	3,243	6,730	7%
Division gross profit;	1,052	938	1,945	114
margin %	(30%)	(29%)	(29%)	12%

Against the industry trend, the network services division had a strong first six months of the year, with revenues and gross profit up 7% and 12% respectively versus the corresponding period. Call minutes increased in H1 2013 with the addition of new customers and continued low churn. The reduction in mobile termination rates experienced from April did impact our revenue, however judicious cost control helped the overall divisional margin increase from 29% to 30%.

Line rental revenues increased by 15% due to the impact of the new sales won in H2 2012 outweighing the impact of pro-actively moving some larger customers from expensive old technology to the new SIP technology and consolidating their estates. This migration enables Maintel to cross-sell additional data and unified communications applications into these customers.

Underlying recurring data services revenue increased year on year, with H1 2012 having been flattered by a single, large one-off hardware sale.

Within the other services category there have been increases in both VoIP and inbound services, which have been areas of focus, with the overall billing decrease compared to H1 2012 being the result of fewer one-off equipment sales.

Mobile division

Revenue analysis (£000)

	Six months to 30 June 2013	Six months to 30 June 2012	Year ended 31 Dec 2012	Decrease on H1 12
Revenue	1,227	1,454	2,941	(16%)
Division gross profit;	795	857	1,602	(62)
margin %	(65%)	(59%)	(54%)	(7%)

	At 30 June 2013	At 30 June 2012	At 31 Dec 2012	Increase/ (decrease) on H1 12
Number of customers	975	1,090	1,042	(6)%
Number of connections	13,247	12,425	13,859	7%

While revenue during the first half of the year was down 16% on the first half of last year, margin increased by 6 percentage points, to 65%, so that gross profit was only 7% or £62,000 down.

H1 2013 revenue was significantly impacted by a mid term contract renewal cap imposed by one of our network suppliers in the first quarter. This temporarily limited our ability to re-sign customers and so restricted this revenue stream. With the renewal cap removed in Q2, we achieved substantial growth over the corresponding period in the previous year.

The quality of the mobile customer base has continued to improve as smaller unprofitable customers were not re-signed. Whilst this has contributed to a reduction in the number of headline connections, it has led to a sharp improvement in the division's gross margins and strength of our retained customer base.

New sales have continued to focus on cross-selling into existing Maintel customers, and the future prospect pipeline continues to increase.

We have recruited 2 additional experienced sales executives to the mobile division in Q2 2013 and look forward to the positive effects of this in H2.

As noted in the 2012 annual report, one of our suppliers has announced changes to its commission arrangements, which took effect from August 2013. The full effects of these are still unclear, however as reported previously we do not anticipate any significant negative impact on the division long term, although there may be some effects in the short term.

Administrative expenses, excluding intangibles amortisation

Administrative expenses (£000)	Six months to 30 June 2013	Six months to 30 June 2012	Year ended 31 Dec 2012	Increase/ (decrease) on H1 12
Sales expenses	1,235	1,190	2,606	4%
Other administrative expenses (excluding intangibles amortisation)	1,437	1,575	2,837	(9)%
Total other administrative expenses	2,672	2,765	5,443	(3)%

Sales expenses increased by £45,000 (4%) compared with the first half last year, with an increase in headcount and commissions being partially offset elsewhere. Other administrative expenses remain closely monitored and fell by £138,000 (9%) on the corresponding period. In total, other administrative expenses fell £93,000, or 3%. Impairment and amortisation charges are detailed below.

Interest

With interest rates remaining low on cash deposits and balances low in the period following the payment of the final Maintel Mobile consideration, interest earned in the period amounted to only £3,000 (H1 2012 - £5,000).

Taxation

The consolidated statement of comprehensive income shows a tax rate of 23.4%, with tax of £467,000 on a profit before tax of £2.000m (H1 2012 – 252%). The 2012 figure is an anomaly resulting from the expensing through the income statement of £1.789m contingent consideration relating to the Maintel Mobile acquisition, which does not attract tax relief; excluding this, the H1 2012 rate would have been 24.8%.

Each of the Group companies is taxed at 23.25% in 2013 (H1 2012 – 24.5%). Certain recurring expenses that are disallowable for tax raise the effective rate moderately above this.

Consolidated statement of financial position

The consolidated statement of financial position remains strong. Following the investment in Maintel Mobile, the final tranche of which was paid in January 2013, the Group's cash balances have been steadily building, with £711,000 in cash at the half year (31 December 2012 - £1.941m) and no debt at that date, as noted above.

Cash

Cash generated from operating activities in the period was £178,000. This is lower than the Group's historical cash conversion levels (H1 2012 - £1.802m), primarily due to the reduction in trade and other payables, described below. Payment of £607,000 in corporation tax and £779,000 in dividends, together with a small amount of capital expenditure, meant that in aggregate there was a net cash outflow of £1.230m in the period.

Intangible assets
The Group had three intangible assets during the period – (i) goodwill relating to the acquisition of Maintel Network Services Limited, (ii) an intangible asset represented by customer contracts and relationships acquired from District Holdings Limited, Callmaster Limited, Redstone Plc and Maintel Mobile Limited, and (iii) goodwill relating to the District, Redstone and Maintel Mobile acquisitions.

Goodwill has been subject to an impairment test at each reporting date. No impairment has been charged to the consolidated statement of comprehensive income in 2012 or 2013, and the carrying value is £1.026m.

The intangible asset represented by purchased customer contracts and relationships has been subject to an amortisation charge of £359,000 (H1 2012 – £370,000), leaving a carrying value of £3.130m (end-2012 - £3.489m).

Tangible fixed assets and inventories
There were no significant movements in these lines between 31 December and 30 June, although further provision was made against maintenance stock, and work in progress was lower than at the year end.

Trade and other receivables
Receivables have increased by £53,000 since 31 December 2012, largely down to invoice timing differences.

Trade and other payables
Payables have reduced by £2.253m since 31 December. The main reasons for this are (a) the Maintel Mobile payment of £900,000 in January, and (b) the reversal of the year end cash flow benefit noted in the annual report arising from delayed payments to three suppliers for operational reasons (a reduction of £1.165m in trade payables in H1 2013).

Market Conditions and Outlook

The Group delivered a steady first half performance, achieving moderate organic growth over H1 2012 despite a competitive and challenging market.

The Group moves into the second half with a healthy equipment and professional services order backlog and an improving pipeline of prospects generally, leaving us with confidence that the Group will continue to trade in line with the Board's expectations. Furthermore, the acquisition of the Datapoint UKI Companies is a key component of our strategy to diversify our revenue base and significantly increase our presence in new markets; details of the acquisition are shown in note 5.

With the Group's strong balance sheet, we remain well positioned to make further acquisitions should they make clear strategic sense and deliver significant shareholder value.

Earnings per share and dividend

Adjusted earnings per share grew 2% to 16.9p (16.6p in H1 2012), reflecting the Group's improved profitability and lower tax rate. As a result of this improvement and also to reflect the group's confidence in future cash generation, the Board proposes an increased interim dividend of 6.7p per share (H1 2012 – 6.3p), payable on 11 October to shareholders on the register at the close of business on 27 September. The corresponding ex-dividend date will be 25 September.

Eddie Buxton
Chief Executive

13 September 2013

Consolidated statement of comprehensive income

for the six months to 30 June 2013

	Six months to 30 June 2013 £000 (unaudited)	Six months to 30 June 2012 £000 (unaudited)	Year ended 31 Dec 2012 £000 (audited)
Revenue	13,565	13,490	28,171
Cost of sales	8,537	8,365	17,756
Gross profit	5,028	5,125	10,415
Administrative expenses			
Intangibles amortisation	359	381	742
Contingent consideration treated as remuneration	-	1,789	2,834
Other administrative expenses	2,672	2,765	5,443
	3,031	4,935	9,019
Operating profit	1,997	190	1,396
Finance income	3	5	9
Profit before taxation	2,000	195	1,405
Taxation	467	492	1,043
Profit/(loss) and total comprehensive income for the period	1,533	(297)	362
Earnings/(loss) per share (note 3)			
Basic	14.4p	(2.8p)	3.4p
Diluted	14.2p	(2.8p)	3.4p

Consolidated statement of financial position

as at 30 June 2013

	30 June 2013 £000 (unaudited)	30 June 2012 £000 (unaudited)	31 Dec 2012 £000 (audited)
Non current assets			
Intangible assets	4,156	4,876	4,515
Property, plant and equipment	184	250	216
	4,340	5,126	4,731
Current assets			
Inventories	621	683	692
Trade and other receivables	5,846	4,653	5,793
Cash and cash equivalents	711	2,121	1,941
Total current assets	7,178	7,457	8,426
Total assets	11,518	12,583	13,157
Current liabilities			
Trade and other payables	6,950	8,608	9,203
Current tax liabilities	577	609	665
Total current liabilities	7,527	9,217	9,868
Non current liabilities			
Deferred tax liability	529	645	581
Total net assets	3,462	2,721	2,708
Equity			
Issued share capital	107	107	107
Share premium	1,028	1,028	1,028
Capital redemption reserve	31	31	31
Retained earnings	2,296	1,555	1,542
Total equity	3,462	2,721	2,708

Consolidated statement of changes in equity

for the period to 30 June 2013 (unaudited)

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2012	107	1,013	31	2,492	3,643
Loss and total comprehensive income	-	-	-	(297)	(297)
Dividend	-	-	-	(640)	(640)
Issue of new ordinary shares	-	15	-	-	15
At 30 June 2012	107	1,028	31	1,555	2,721
Profit and total comprehensive income	-	-	-	659	659
Dividend	-	-	-	(672)	(672)
At 31 December 2012	107	1,028	31	1,542	2,708
Profit and total comprehensive income	-	-	-	1,533	1,533
Dividend	-	-	-	(779)	(779)
At 30 June 2013	107	1,028	31	2,296	3,462

Consolidated cash flow statement

for the six months to 30 June 2013

	Six months to 30 June 2013 £000 (unaudited)	Six months to 30 June 2012 £000 (unaudited)	Year ended 31 Dec 2012 £000 (audited)
Operating activities			
Profit before taxation	2,000	195	1,405
Adjustments for:			
Intangibles amortisation	359	381	742
Depreciation charge	57	59	124
Interest received	(3)	(5)	(9)
Operating cash flows before changes in working capital	2,413	630	2,262
Decrease in inventories	71	39	30
Increase in trade and other receivables	(53)	(634)	(1,774)
(Decrease)/increase in trade and other payables	(2,253)	1,767	2,362
Cash generated from operating activities	178	1,802	2,880
Tax paid	(607)	(943)	(1,502)
Net cash flows from operating activities	**(429)**	**859**	**1,378**
Investing activities			
Purchase of plant and equipment	(25)	(85)	(116)
Purchase price in respect of business combination	-	(986)	(986)
Interest received	3	5	9
Net cash flows from investing activities	**(22)**	**(1,066)**	**(1,093)**
Financing activities			
Ordinary shares issued	-	15	15
Equity dividends paid	(779)	(640)	(1,312)
Net cash flows from financing activities	**(779)**	**(625)**	**(1,297)**
Net decrease in cash and cash equivalents	**(1,230)**	**(832)**	**(1,012)**
Cash and cash equivalents at start of period	1,941	2,953	2,953
Cash and cash equivalents at end of period	**711**	**2,121**	**1,941**

Notes to the interim results

1. Basis of preparation

The financial information in these interim results is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2012 and which will form the basis of the 2013 financial statements.

A number of new and amended standards have become effective for periods beginning on 1 January 2013, however none of these is expected to materially affect the Group.

The Group's results are not materially affected by seasonal variations.

The comparative financial information presented herein for the year ended 31 December 2012 does not constitute full statutory accounts for that period. The Group's annual report and accounts for the year ended 31 December 2012 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information for the half-years ended 30 June 2013 and 30 June 2012 is unaudited.

2. Segmental analysis

For management reporting purposes and operationally, the Group consists of three business segments: (i) telephone maintenance, equipment and professional services sales, (ii) telephone network services, and (iii) mobile services. Each segment applies its respective resources across inter-related revenue streams which are reviewed by management collectively under these headings. The businesses of each segment and a further analysis of revenue are described under their respective headings in the Business review.

Revenue is wholly attributable to the principal activities of the Group and other than insignificant sales to other EU countries arises within the United Kingdom.

Six months to 30 June 2013 (unaudited)	**Maintenance and equipment £000**	**Network services £000**	**Mobile £000**	**Central/ inter company £000**	**Total £000**
Revenue	8,957	3,475	1,227	(94)	13,565
Operating profit before customer relationship intangibles amortisation	1,356	576	454	(30)	2,356
Customer relationship intangibles amortisation	(126)	(24)	-	(209)	(359)
Operating profit	1,230	552	454	(239)	1,997
Interest income					3
Profit before taxation					2,000
Taxation					(467)
Profit after taxation					1,533

Maintenance and equipment revenue consists of maintenance related revenue of £5.993m and equipment, professional services and other revenue of £2.964m (H1 2012 - £6.104m and £2.778m). Network services revenue consists of call traffic revenue of £1.342m, line rental revenue of £1.593m, data services revenue of £0.388m and other revenue of £0.152m (H1 2012 - £1.284m, £1.383m, £0.408m and £0.168m). Mobile revenue consists principally of commissions receivable from network operators.

Intercompany trading consists of telecommunications services, and recharges of sales, engineering and rent costs, £48,000 (H1 2012 - £48,000) attributable to the maintenance and equipment segment, £44,000 (H1 2012 - £37,000) to the network services segment and £2,000 (H1 2012 - £4,000) to the mobile division.

	Maintenance and equipment £000	**Network services £000**	**Mobile £000**	**Central/ inter company £000**	**Total £000**
Other					
Capital expenditure	25	-	-	-	25
Depreciation	56	-	1	-	57
Amortisation	126	24	-	209	359

2. Segmental analysis (continued)

Six months to 30 June 2012 (unaudited)	**Maintenance and equipment £000**	**Network services £000**	**Mobile £000**	**Central/ inter company £000**	**Total £000**
Revenue	8,882	3,243	1,454	(89)	13,490
Operating profit before customer relationship intangibles amortisation and adjustments	1,439	453	478	(21)	2,349
Customer relationship intangibles amortisation	(137)	(24)	-	(209)	(370)
Operating profit before adjustment	1,302	429	478	(230)	1,979
Contingent consideration treated as remuneration	-	-	-	(1,789)	(1,789)
Operating profit	1,302	429	478	(2,019)	190
Interest income					5
Profit before taxation					195
Taxation					(492)
Profit after taxation					(297)
Other					
Capital expenditure	82	-	3	-	85
Depreciation	58	-	1	-	59
Amortisation	137	35	-	209	381

2. Segmental analysis (continued)

Year to 31 December 2012 (audited)	**Maintenance and equipment £000**	**Network services £000**	**Mobile £000**	**Central/ inter company £000**	**Total £000**
Revenue	18,681	6,730	2,941	(181)	28,171
Operating profit before customer relationship intangibles amortisation and adjustments	3,272	983	813	(96)	4,972
Customer relationship intangibles amortisation	(264)	(59)	-	(419)	(742)
Operating profit before adjustments	3,008	924	813	(515)	4,230
Contingent consideration treated as remuneration	-	-	-	(2,834)	(2,834)
Operating profit	3,008	924	813	(3,349)	1,396
Interest income					9
Profit before taxation					1,405
Taxation					(1,043)
Profit after taxation					362

Maintenance and equipment revenue consists of maintenance related revenue of £12.246m and equipment, professional services and other revenue of £6.435m. Network services revenue consists of call traffic revenue of £2.656m, line rental revenue of £2.979m, data services revenue of £0.799m and other revenue of £0.296m. Mobile revenue consists principally of commissions receivable from network operators.

Intercompany trading consists of telecommunications services, and recharges of sales, engineering and rent costs, £90,000 attributable to the maintenance and equipment segment, £85,000 to the network services segment and £6,000 to the mobile segment.

	Maintenance and equipment £000	**Network services £000**	**Mobile £000**	**Central/ inter company £000**	**Total £000**
Other					
Capital expenditure	113	-	2	-	115
Depreciation	121	-	3	-	124
Amortisation	264	59	-	419	742

3. Earnings per share

Earnings per share have been calculated using the weighted average number of shares in issue during the period. This and earnings, being profit after tax, are as follows. An adjusted earnings per share figure – excluding the amortisation of customer relationship intangibles and, in 2012, the expensing of consideration relating to the Maintel Mobile acquisition - is also shown in order to provide a clearer picture of the trading performance of the Group.

	Six months to 30 June 2013 £000 (unaudited)	**Six months to 30 June 2012 £000 (unaudited)**	**Year ended 31 Dec 2012 £000 (audited)**
Earnings used in basic and diluted EPS, being profit after tax	1,533	(297)	362
Adjustments:			
Amortisation of intangibles	359	370	731
Contingent consideration treated as remuneration	-	1,789	2,834
Tax relating to the above adjustments	(89)	(93)	(185)
Adjusted earnings	1,803	1,769	3,742
Weighted average number of shares	10,675	10,667	10,671
Potentially dilutive shares	112	126	121
	10,787	10,793	10,792
Basic EPS	14.4p	(2.8p)	3.4p
Basic diluted EPS	14.2p	(2.8p)	3.4p
Adjusted basic EPS	16.9p	16.6p	35.1p
Adjusted diluted EPS	16.7p	16.4p	34.7p

4. Dividends

	Six months to 30 June 2013 £000 (unaudited)	Six months to 30 June 2012 £000 (unaudited)	Year ended 31 Dec 2012 £000 (audited)
Dividends paid			
Final 2011, paid 26 April 2012 – 6.0p per share	-	640	640
Interim 2012, paid 5 October 2012 – 6.3p per share	-	-	672
Final 2012, paid 25 April 2013 – 7.3p per share	779	-	-
	779	640	1,312

The directors propose to pay an interim dividend of 6.7p per share on 11 October 2013 to shareholders on the register at 27 September 2013.

5. Acquisition

On 13 September the Company acquired the entire issued share capital of Datapoint Customer Solutions Limited, Datapoint Global Services Limited and Datapoint Communications Limited, the UK and Irish trading operations of the Datapoint group of companies (the "Acquisition"). The aggregate unaudited revenue of these companies in the year to 30 June 2013 was £15.8m, although it is envisaged that revenues will be approximately £2.5-3.0m lower in the current financial year due to lower levels of non-recurring business and a degree of attrition. The total consideration paid, excluding professional fees incurred, was £3.5m. There is no deferred or contingent element to the consideration for the Acquisition. In conjunction with the Acquisition, the Company has secured a £3.0m term loan, repayable over 3 years and a £1.0m overdraft facility.

Independent review report to Maintel Holdings Plc

Introduction

We have been engaged by the company to review the financial information in the interim results for the six months ended 30 June 2013 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity, and explanatory notes.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that interim results be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the interim results based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the interim results for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants and Registered Auditors
London

13 September 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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